

立法會
Legislative Council

LC Paper No. FC24/13-14
(These minutes have been
seen by the Administration)

Ref : CB1/F/1/2

Finance Committee of the Legislative Council

Minutes of the 35th meeting
held at Conference Room 1 of the Legislative Council Complex
on Friday, 21 June 2013, at 5:40 pm

Members present:

Hon Tommy CHEUNG Yu-yan, SBS, JP (Chairman)
Hon Emily LAU Wai-hing, JP (Deputy Chairman)
Hon Albert HO Chun-yan
Hon CHAN Kam-lam, SBS, JP
Hon TAM Yiu-chung, GBS, JP
Hon Frederick FUNG Kin-kee, SBS, JP
Hon Jeffrey LAM Kin-fung, GBS, JP
Hon Andrew LEUNG Kwan-yuen, GBS, JP
Hon WONG Ting-kwong, SBS, JP
Hon Starry LEE Wai-king, JP
Dr Hon LAM Tai-fai, SBS, JP
Hon CHAN Hak-kan, JP
Hon CHAN Kin-por, BBS, JP
Dr Hon Priscilla LEUNG Mei-fun, JP
Hon IP Kwok-him, GBS, JP
Hon Paul TSE Wai-chun, JP
Hon James TIEN Pei-chun, GBS, JP
Hon Steven HO Chun-yin
Hon Frankie YICK Chi-ming
Hon YIU Si-wing
Hon MA Fung-kwok, SBS, JP
Hon Charles Peter MOK
Hon CHAN Chi-chuen
Hon CHAN Han-pan

Hon LEUNG Che-cheung, BBS, MH, JP
Hon Christopher CHEUNG Wah-fung, JP
Hon SIN Chung-kai, SBS, JP
Dr Hon Helena WONG Pik-wan
Hon POON Siu-ping, BBS, MH
Dr Hon CHIANG Lai-wan, JP
Ir Dr Hon LO Wai-kwok, BBS, MH, JP
Hon CHUNG Kwok-pan
Hon Christopher CHUNG Shu-kun, BBS, MH, JP
Hon Tony TSE Wai-chuen

Members absent:

Hon LEE Cheuk-yan
Hon James TO Kun-sun
Hon LEUNG Yiu-chung
Dr Hon LAU Wong-fat, GBM, GBS, JP
Hon Abraham SHEK Lai-him, SBS, JP
Hon Vincent FANG Kang, SBS, JP
Hon WONG Kwok-hing, MH
Dr Hon Joseph LEE Kok-long, SBS, JP
Hon Ronny TONG Ka-wah, SC
Hon Cyd HO Sau-lan
Dr Hon LEUNG Ka-lau
Hon CHEUNG Kwok-che
Hon WONG Kwok-kin, BBS
Hon Mrs Regina IP LAU Suk-ye, GBS, JP
Hon Alan LEONG Kah-kit, SC
Hon LEUNG Kwok-hung
Hon Albert CHAN Wai-yip
Hon WONG Yuk-man
Hon Claudia MO
Hon Michael TIEN Puk-sun, BBS, JP
Hon NG Leung-sing, SBS, JP
Hon WU Chi-wai, MH
Hon Gary FAN Kwok-wai
Dr Hon Kenneth CHAN Ka-lok
Hon CHAN Yuen-han, SBS, JP
Hon Kenneth LEUNG
Hon Alice MAK Mei-kuen, JP
Dr Hon KWOK Ka-ki

Hon KWOK Wai-keung
Hon Dennis KWOK
Dr Hon Fernando CHEUNG Chiu-hung
Hon IP Kin-yuen
Dr Hon Elizabeth QUAT, JP
Hon Martin LIAO Cheung-kong, JP
Hon TANG Ka-piu

Public officers attending:

Professor K C CHAN, GBS, JP	Secretary for Financial Services and the Treasury
Ms Elizabeth TSE Man-ye, JP	Permanent Secretary for Financial Services and the Treasury (Treasury)
Ms Esther LEUNG, JP	Deputy Secretary for Financial Services and the Treasury (Treasury) 1
Ms Elsie YUEN	Principal Executive Officer (General), Financial Services and the Treasury Bureau (The Treasury Branch)
Mr Donald CHEN	Deputy Secretary for Labour and Welfare (Welfare) 2
Ms Jane LEE	Principal Assistant Secretary for Labour and Welfare (Poverty)
Mrs Anna MAK	Deputy Director of Social Welfare (Services)
Mr FUNG Man-chung	Assistant Director of Social Welfare (Family and Child Welfare)
Mr Patrick CHAN Chi-king, JP	Deputy Secretary for Transport and Housing (Transport) 3
Ms Cordelia LAM Wai-ki	Principal Assistant Secretary for Transport and Housing (Transport) 2
Mr Albert SU Yau-on	Assistant Commissioner for Transport (Management and Paratransit)
Mr Michael NG Shi-hung	Principal Transport Officer (Management), Transport Department
Mr CHENG Shing-chuen	Chief Engineer (Project), Electrical and Mechanical Services Department
Mrs Avia LAI WONG Shuk-han	Deputy Secretary for Home Affairs (3)
Miss WONG Yuet-wah	Principal Assistant Secretary for Home Affairs (Culture) 2
Dr Louis NG Chi-wa	Assistant Director of Leisure and Cultural Services (Heritage and Museums)

Miss Eve TAM Mei-yee	Chief Curator (Art), Leisure and Cultural Services Department
Mr Kevin YEUNG, JP	Under Secretary for Education
Ms Pecvin YONG	Principal Assistant Secretary for Education (Further Education)
Prof Gilbert FONG Chee-fun	President, Hang Seng Management College/Hang Seng School of Commerce
Prof LAU Ho-fuk	Associate Vice-President (Curriculum), Hang Seng Management College
Ms Suzanne CHAN	Vice-Chair, Finance Committee, Hang Seng Management College
Prof Raymond SO	Dean, School of Business, Hang Seng Management College

Clerk in attendance:

Mr Andy LAU	Assistant Secretary General 1
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Staff in attendance:

Mr Derek LO	Chief Council Secretary (1)5
Mr Daniel SIN	Senior Council Secretary (1)7
Mr Ken WOO	Council Secretary (1)5
Mr Frankie WOO	Senior Legislative Assistant (1)3
Ms Christy YAU	Legislative Assistant (1)7

The meeting continued the deliberation on the outstanding items on the agenda for the meeting starting at 3:30 pm on the same day.

Item No. 4 – FCR(2013-14)21

HEAD 170 – SOCIAL WELFARE DEPARTMENT

Subhead 700 General non-recurrent

Item 811 Short-term food assistance

2. There being no further questions from members, the Chairman put the item to vote. The Chairman declared that the Committee approved the funding proposal.

Item No. 5 – FCR(2013-14)22

CAPITAL WORKS RESERVE FUND

HEAD 708 – CAPITAL SUBVENTIONS AND MAJOR SYSTEMS AND EQUIPMENT

Transport Department

New Subhead "Replacement/Reprovisioning of Toll Collection Systems at Lantau Toll Plaza and Ma Wan Toll Plaza in Tsing Ma Control Area"

3. The Chairman advised that the item sought the Committee's approval of a new commitment of \$81,300,000 for the replacement and reprovisioning of toll collection systems at Lantau Toll Plaza and Ma Wan Toll Plaza in Tsing Ma Control Area.

4. There being no question from members, the Chairman put the item to vote. The Chairman declared that the Committee approved the funding proposal.

Item No. 6 – FCR(2013-14)23

HEAD 95 – LEISURE AND CULTURAL SERVICES DEPARTMENT

New Subhead "Acquiring and Commissioning Artworks by Local Artists"

New Item "Acquiring and Commissioning Artworks by Local Artists"

5. The Chairman advised that the item sought the Committee's approval of a new commitment of \$50 million under a new subhead to be created under Head 95 Leisure and Cultural Services Department for acquiring and commissioning artworks by local artists.

6. Mr MA Fung-kwok, Chairman of the Panel on Home Affairs, reported that the Panel had discussed the item at its meeting held on 28 May 2013. Most of the Panel members supported the funding proposal. Panel members expressed concern about whether the selection and acquisition of local artworks would be conducted in an open, transparent and objective manner. Some members suggested that the Administration should allow wider public participation in the process, while some members expressed concern about whether the Leisure and Cultural Services Department (LCSD) would compete with the M+ Museum under the West Kowloon Cultural District Authority for similar types of artworks in the market. Mr MA said that one member did not support the funding proposal as the member considered that the funding application should not precede the completion of LCSD's studies on Hong Kong's art history.

7. The Chairman instructed that members' speaking time on the item should not exceed five minutes, including the Administration's response.

Artworks intended to be acquired

8. Dr Helena WONG said that she did not support the funding proposal. She explained that while she did not object to the Administration's acquiring artworks by local artists, the Administration should first complete the studies on Hong Kong's art history before deciding which essential artworks should be acquired for collection. Dr WONG queried when the \$50 million allocation being sought would likely be exhausted, whether pre-1960s local artworks would not be considered for acquisition, and whether LCSD would compete with M+ for local artworks.

9. Deputy Secretary for Home Affairs (3) (DSHA(3)) said that the Hong Kong Museum of Art had been operating since its establishment in 1962. Curators were knowledgeable about local artists and their works, and they would be able to make sound and professional acquisition choices.

10. DSHA(3) added that the studies on Hong Kong's art history would provide a more objective framework for LCSD to identify representative artists of different periods and their essential creation. LCSD would also apply the funds to collect, systematically, works of leading and emerging local artists, winning entries and selected works of the Hong Kong Contemporary Art (Biennial) Award, as well as selected artworks from public art projects. DSHA(3) said that every piece of artworks was unique and there was no standard "market price" for these works. Based on past experience, DSHA(3) said that the \$50 million funding allocation would meet the expenditure requirements in the coming five years.

11. In response to Dr Helena WONG, Assistant Director (Heritage and Museum) (ADLCS(H&M)) clarified that the Administration would also consider acquiring artworks of the periods before the 1960s.

12. Mr Christopher CHUNG supported the funding proposal. He criticized that the LCSD's budget for acquisition of local artworks was too small as compared with the budget of M+ under the West Kowloon Cultural District Authority. He doubted whether the Administration could purchase any creation of artistic significance using the meagre funding allocation. DSHA(3) said that the Administration would consult its panel of experts regarding purchase options as one of the means to optimize the use of the proposed funding allocation.

13. The Chairman and Mr Christopher CHUNG queried whether the Administration should first list out the desired artworks to collect, so that a more realistic cost estimate could be drawn up for funding application from FC.

14. DSHA(3) said that the Administration had developed four strategies for the collection and acquisition of artworks by local artists but the actual amount required would only be known at the time of making the purchase. In response to some members' request, DSHA(3) said that the Administration would report on the progress and spending position of the acquisition programme to members in due course.

15. The Chairman reminded the Administration that members had been seeking a response on whether it should first draw up a list of artworks for purchase, and then work out a realistic budget for seeking funding approval from FC. He said that members had raised a few rounds of questions on this matter but the Administration still failed to give a clear response.

16. Ir Dr LO Wai-kwok supported the funding proposal. He commented that the funding allocation being sought was too small for acquisition and collection of artworks of high artistic value. He suggested that the Administration should increase the budget and step up efforts to encourage and support local art creativity. DSHA(3) said that LCSD already had an annual budget for on-going acquisition of local artworks. The proposed funding, if approved by FC, would enable the Department to increase the annual expenditure for acquisition of local artworks from the current average of a few million dollars to about \$10 million on average per year in the next five years. This would also enable the Department to step up efforts in promoting local art development.

Criteria for selecting artworks for purchase

17. Mr Albert HO queried what artists were considered "local". DSHA(3) said that local artists were those who had based their creative activities in Hong Kong for a long period of time. ADLCS(H&M) added that artists who were born or living in Hong Kong or had acquired a Hong Kong identity card, as well as those who were now active in creative activities in Hong Kong most of their time were considered "local".

18. Mr Albert HO asked if the Administration would encourage collectors to donate their art collections rather than buying artworks from the art market. DSHA(3) said that the Administration, from time to time, had accepted donation of artworks from collectors. In fact, the majority of the more than 16 000 pieces of artwork collected in the Hong Kong Museum of Art were donated by art collectors. While the Administration continued to accept

donations from the public, it was considered appropriate to acquire suitable items of local artists for collection.

19. Mr Albert HO asked how the Administration would encourage collectors to donate or lend their collections. ADLCS(H&M) said that LCSD had established connections with local collectors. The Department could organize joint exhibitions with them or set up dedicated corners in the Hong Kong Museum of Art for certain collections of high artistic value.

20. Mr CHUNG Kwok-pan commented that the scope of the artworks created by local master artists that LCSD aimed to acquire could be very broad. He asked whether the Administration had compiled a catalogue of the major works by these master artists.

21. ADLCS(H&M) said that LCSD was knowledgeable about the major works created by local master artists and some of their works were already on exhibition in the museums. If the proposed funding item was approved by FC, the Administration could then proceed to purchase more recent works by these artists.

22. Mr CHUNG Kwok-pan asked about the criteria which the Administration adopted in selecting masters' artworks for purchase. ADLCS(H&M) explained that LCSD staff were experts in the field but they would also consult the department's expert advisers before making the acquisition decision.

23. Mr CHUNG Kwok-pan further asked how the Administration determined who the "emerging" local artists were. ADLCS(H&M) explained that emerging local artists were those who had graduated shortly from academy or those whose creations had received high acclaim in the art scene and had been exhibited or sold in auctions.

24. The Chairman instructed that the speaking time for the second round of questions on the item should not exceed three minutes, including the Administration's response.

25. Dr Helena WONG asked the Administration to provide a supplementary paper on the focus and key findings of the studies on Hong Kong art history. DSHA(3) replied that the Administration would provide the information.

[*Post-meeting note:* The Administration had provided the information on 2 October 2013 which was circulated for members' reference vide LC Paper No. FC185/12-13 on 3 October 2013.]

Difference in art collection policies between LCSD and M+

26. Dr Helena WONG noted that LCSD's art collection policy focused on Hong Kong whereas M+ of the West Kowloon Cultural District Authority would aim to build a world-class collection representative of the 20th and 21st Century visual culture. She asked whether M+ would still collect works of local artists.

27. DSHA(3) explained that the collection policies of LCSD and M+ were different in that LCSD would focus on the works of Hong Kong artists, whereas the collection in M+ would cover a wider perspective of visual artworks across the world, although it might also include works created by local artists.

28. Ir Dr LO Wai-kwok sought clarification on whether the funding proposal was chiefly aimed at encouraging and promoting local art creation rather than expanding the collection of deceased local masters. DSHA(3) confirmed Ir Dr LO's understanding.

29. Mr Christopher CHUNG said that the proposed provision of \$50 million was not sufficient for commissioning local artworks for public display. He explained that a piece of artwork could be expensive and require additional installation cost. He suggested that the Administration should draw up separate proposals in respect of public art.

30. The Chairman asked Mr Christopher CHUNG whether he was asking the Administration to withdraw the paper under deliberation and resubmit another proposal according to his suggestion. Mr CHUNG replied that the Administration should proceed with the current proposal expeditiously and seek additional funding from FC for commissioning local artworks for public display if the provision was insufficient. The Administration took note of members' views.

31. The Chairman instructed that the speaking time for the third round of questions on the item should not exceed two minutes, including the Administration's response.

32. Dr Helena WONG supported the Administration's effort to groom local visual art talents through acquiring and displaying their artworks. Dr WONG expressed concern about whether or not the M+ Museum would collect local visual art items.

33. The Chairman queried whether Dr Helena WONG's question was relevant to the funding proposal. Dr Helena WONG explained that she was

seeking clarification on the differentiation of art collection policies between LCSD and the M+ Museum as described in paragraph 9 of the paper (FCR(2013-14)23).

34. DSHA(3) explained that the M+ Museum would acquire and collect local visual artworks in connection with its objective of presenting visual art, design, architecture and image from Hong Kong, the Mainland and expanding to other regions of Asia and the rest of the world. There was, however, no fixed proportion of exhibits in the M+ Museum that should be local visual artworks.

35. There being no further question, the Chairman put the item to vote. The Chairman declared that the Committee approved the item.

Item No. 7 – FCR(2013-14)24

LOAN FUND

HEAD 252 – LOANS TO SCHOOLS/TEACHERS

Subhead 106 Start-up loan for post-secondary education providers

36. The Chairman advised that the item sought the Committee's approval of a start-up loan of \$800 million to the Hang Seng School of Commerce (HSSC) for the operation of Hang Seng Management College, under the Start-up Loan Scheme for Post-secondary Education Providers, from the Loan Fund.

37. Dr LAM Tai-fai, Chairman of the Panel on Education, reported that the proposal was discussed at the meeting of the Panel held on 30 May 2013. Members generally supported the Administration's proposal to allocate \$800 million from the Loan Fund to provide a loan to HSSC for the development of campus and student hostels in connection with the operation of full-time locally accredited post-secondary programmes. Some Panel members raised concern that HSSC might charge hefty tuition fees on students in order to pay back the loan. Other members considered that the Administration should provide a grant rather than a loan to HSSC as the Administration's on-going efforts of promoting the development of post-secondary education in Hong Kong. A few members also expressed views on the monitoring by the Administration of academic quality and governance of self-financing post-secondary institutions.

38. The Chairman said that members' speaking time on this item should not exceed five minutes, including the Administration's response.

39. Mr YIU Si-wing supported the funding proposal. He noted that HSSC would be required to pay an interest payment if it could not pay back the

loan within ten years. Mr YIU said that if HSSC had difficulties repaying the loan within ten years, the Administration should inquire into the problems faced by HSSC and provide assistance as appropriate. The Administration should not impose a penalty on the institution once it failed to meet the payment schedule.

40. Under Secretary for Education (USED) stressed that HSSC would not be required to pay the Administration any interest for the start-up loan during the first ten years of the repayment period. When submitting an application under the Start-up Loan Scheme, the institution was required to indicate how it planned to pay back the loan within ten years.

41. USED said that although there might be unforeseen circumstances under which an institution would need a longer loan repayment period, the Administration should adhere to the principle of prudent use of public money in administering the loan, and it was considered appropriate to charge an interest on the outstanding loan after the interest-free period in the first ten years. USED said that the interest rate, which was determined on "no-gain-no-loss" basis, would still be much lower than that charged by financial institutions

42. Mr YIU Si-wing queried whether the Administration should be bothered about charging an interest at less than 2%. He asked if the Administration could waive the interest for HSSC.

43. USED reiterated the principle of prudent use of public money and the need to charge interest if the repayment of the start-up loan could not be paid up within ten years. He stressed that the interest payment was not a penalty for late payment.

44. Dr Helena WONG said that the Democratic Party welcomed the Administration's initiative to support the development of post-secondary education. She said that the University Grants Committee (UGC) had previously suggested that a single quality assurance body be established to ensure the quality of the post-secondary education sector. She asked what progress had been made.

45. The Chairman said that Dr WONG's question was not related to the funding item under deliberation. He nevertheless asked if the Administration would respond.

46. USED said that when the Administration launched the Sixth Matching Grant Scheme, it was stipulated that UGC-funded institutions would need to undertake that their sub-degree operations benefitting from the Sixth Matching Grant Scheme should be subject to periodic external quality audits

in future. As regards the proposed quality assurance body for the post-secondary sector, USED said that there would be further discussion.

47. Noting the continued decline in student population, Dr Helena WONG asked whether the demand for self-financing post-secondary places would drop in the next ten years, and whether these institutions would increase the proportion of non-local students in their admission.

48. The Chairman queried how the change in demographic trend and admission of non-local students were related to the deliberation on the proposed start-up loan to HSSC. Dr Helena WONG said that if the demand for self-financing post-secondary places continued to drop as a result of decline in student population, the proposed funding being sought would not be necessary.

49. USED said that the self-financing post-secondary sector was aware of the changes in the demographic profile and was exploring measures to address the issue. It was expected that the sector would make necessary adjustments and consolidate their resources and programmes. President, Hang Seng School of Commerce (President, HSSC) said that only about 18 to 20% of the relevant age group of secondary school graduates was admitted to publicly-funded first-year-first-degree programmes in Hong Kong each year. Even if the secondary school student population continued to drop, there would still be a demand for self-financing post-secondary places as the number of UGC-funded undergraduate places was expected to remain the same in the coming years.

50. Mr Christopher CHEUNG said that the Financial Secretary had mentioned that Hong Kong should be developed into a hub of international asset management. He asked if the Administration had asked HSSC to devote more resources to training relevant professionals to meet the objective.

51. USED said that self-financing post-secondary institutions had autonomy in academic development and administration. President, HSSC said that the School now offered five degree-awarding programmes covering business administration, accounting and finance, etc. Five more degree-awarding programmes covering corporate governance, financial analysis and information technology, etc., would be launched in 2014. The School also planned to introduce master degree programmes in business administration and other short management training courses to meet the needs of Hong Kong.

52. Dr LAM Tai-fai supported the funding proposal. Dr LAM agreed that it would not be fair to other post-secondary institutions if HSSC was not required to pay interest on the outstanding loan after the first ten years. Dr LAM Tai-fai commented that there had been complaints regarding

self-financing post-secondary institutions, including their governance structure, student admission policies and quality of programmes, etc. Proper monitoring of their operations was important.

53. Dr LAM Tai-fai asked about the number of post-secondary institutions which had not been able to pay up loans from the Government within ten years. USED said that the Administration had so far received applications from eight institutions for extension of loan repayment period. Considering that the number was on the high side, Dr LAM said that these institutions were charging very high tuition fees and it would appear unreasonable that they were unable to generate sufficient revenue to repay the loan instalments on schedule.

54. USED said that institutions applying for extension of loan repayment period might have experienced unforeseen circumstances. The problems could be short term, and their financial situation might improve afterwards. From past cases, these institutions had been able to meet the payment schedules during the extended repayment period.

55. Dr LAM Tai-fai requested the Administration to provide information on details regarding applications for extension of loan repayment period under the Start-Up Loan Scheme, including the institutions involved and the reasons for requiring extension. USED undertook to provide the requested information separately after the meeting.

[Post-meeting note: the Administration had provided the information on 31 July 2013 which was circulated for members' reference vide LC Paper No. FC172/12-13 on 1 August 2013.]

56. There being no further questions from members, the Chairman put the item to vote. The Chairman declared that the Committee approved the item.

57. The meeting was adjourned at 6:35 pm.